

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE PROPOSED ADJUSTMENT OF THE	)	
WHOLESALE WATER SERVICE RATES OF	)	
THE FRANKFORT ELECTRIC AND WATER	)	CASE NO. 96-595
PLANT BOARD	)	

ORDER

IT IS ORDERED that the Frankfort Electric and Water Plant Board ("Water Plant Board") shall file an original and 12 copies of the following information with the Commission no later than March 31, 1997 with a copy to all parties of record. Each copy of the information requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the witness who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure its legibility. Where information requested herein has been provided in this proceeding, in the format requested herein, reference may be made to the specific location of that information in responding to this Order. When applicable, the information requested herein should be provided for total company operations and jurisdictional operations, separately.

1. Refer to Schedule 1, page 1 of the Allocation References.
  - a. Explain the purpose of the numbers in the column titled allocation reference.

b. How was the non-coincident peak allocation of 75,133,000 gallons per month for the wholesale customers determined?

c. How was the extra capacity allocation of 18,936,000 gallons per month for the wholesale customers determined?

2. Refer to Schedule 1, page 2 of the Allocation References.

a. Explain the purpose of the numbers in the column titled allocation reference.

b. How were the total service meter allocators numbers determined?

3. Refer to Schedule II, page 1 of the Allocation References.

a. Explain how the numbers in the column, allocation reference, were determined and how they relate to the study.

b. How was it determined that \$56,197 of base capacity should be allocated to the wholesale customers?

c. How was it determined that \$18,936 of extra capacity should be allocated to the wholesale customers?

d. With regard to increased weight for extra capacity, provide justification for the percentages used.

e. How was it determined that \$9,442 should be allocated to base capacity? Where is this number shown prior to this allocation?

f. How was it determined that \$42,102 should be allocated to extra capacity? Where is this number shown prior to this allocation?

g. Why is no allocation made to the wholesale customers at 13.03 under total weighted base and extra?

4. Refer to Schedule III, Gross Utility Plant, pages 1 and 2.

a. Provide an explanation for each number shown under the column, allocation reference.

b. Provide the formula used to determine the allocation factor for each and every expense to the wholesale customers along with justification for using the allocation factor.

c. At Item 28, provide a schedule showing a breakdown, listed by plant item and dollar amount, for the \$3,075,324 shown for wholesale under base capacity and the \$867,611 allocated to extra capacity.

5. Refer to Schedule IV, Accumulated Depreciation.

a. Provide an explanation for each number shown under the column, allocation reference.

b. Provide the formula used to determine the allocation factor for each and every expense to the wholesale customers along with justification for using the allocation factor.

c. At Item 35, provide a schedule showing a breakdown, listed by item and dollar amount, for the \$1,002,731 shown for wholesale under base capacity, the \$281,129 allocated to extra capacity, and the \$4,278 allocated to the customer category.

6. Refer to Schedule V, Operating Expenses, page 1.

a. Provide an explanation for each number shown under the column, allocation reference.

b. Provide the formula used to determine the allocation factor for each and every expense to the wholesale customers along with justification for using the allocation factor.

c. At Item 42, provide a schedule showing a breakdown, listed by item and dollar amount, for the \$339,557 shown for wholesale under base capacity and the \$8,906 allocated to extra capacity.

7. Refer to Schedule V, Operating Expenses, page 2.

a. Provide an explanation for each number shown under the column, allocation reference.

b. Provide the formula used to determine the allocation factor for each and every expense to the wholesale customers along with justification for using the allocation factor.

c. At Item 48, provide a schedule showing a breakdown, listed by item and dollar amount, for the \$493,701 shown for wholesale under base capacity, the \$53,037 allocated to extra capacity, and the \$1,263 shown as customer related.

8. Refer to Schedule VI, Administrative and General Expenses, pages 1 and 2.

a. Provide an explanation for each number shown under the column, allocation reference.

b. Provide the formula used to determine the allocation factor for each and every expense to the wholesale customers along with justification for using the allocation factor.

c. At Item 63, provide a schedule showing a breakdown, listed by item and dollar amount, for the \$223,995 shown for wholesale under base capacity, the \$55,374 allocated to extra capacity, and the \$1,107 shown as customer related.

d. Provide a breakdown for the allocations made to the wholesale customers at 65.01 and 65.02.

9. Refer to Schedule VII, Revenue.

a. Provide an explanation for each number shown under the column, allocation reference.

b. Provide the formula used to determine the allocation factor for each and every expense to the wholesale customers along with justification for using the allocation factor.

c. At Item 76, provide an explanation of how the total revenue shown for the wholesale customer of \$762,254 was determined. Where is this number shown prior to this instance?

10. Refer to Schedule IX, Revenue and Expense Summary, pages 1 and 2.

a. Provide an explanation for each number shown under the column, allocation reference.

b. Provide the formula used to determine the allocation factor for each and every expense to the wholesale customers along with justification for using the allocation factor.

11. Refer to the Water Plant Board's Application, Exhibit 3, page 7, allocation method 8.

a. Are the values of the vehicles shown net of accumulated depreciation?

b. Are general purpose vehicles included in this calculation? If yes, explain how their costs were allocated.

c. If Item B can't be accomplished, provide a detailed listing of all vehicles and their values used to develop allocation method 8.

d. Reconcile the total amount of \$1,319,381 with the amount shown as 1995 Transportation Equipment of \$1,774,185 on Water Plant Board's Application, Exhibit 2, page 10.

12. Refer to Item 15 of the Water Plant Board's response to the Commission's February 14, 1997 Order. Were all of the items listed still in service as of June 30, 1996?

13. How many water and electric meters were in the system at June 30, 1996 and December 31, 1996? Your response should list the number of meters by division.

14. How many customers were on the water, electric, and cable systems at June 30, 1996 and December 31, 1996? Your response should list total customers by division.

15. How many employees were employed by each department as of June 30, 1996 excluding general employees? Also, provide gross wages paid for each department for fiscal year end June 30, 1996 excluding general employees.

16. How many general employees were employed by the plant board as of June 30, 1996? Also, provide gross wages paid to general employees for fiscal year end June 30, 1996.

17. Refer to the Water Plant Board's Application, Exhibit 3, page 12. Explain the difference between allocation methods 6 and 7.

18. Refer to the Water Plant Board's Application, Exhibit 3, page 18. Explain the nature of the contract payable amounts used as the basis for the calculation of allocation method.

19. Refer to Item 5, Exhibit 6A of the Water Plant Board's response to the Commission's Order of February 14, 1997. Most items listed on this schedule, with the exception of sludge removal and repainting, appear to be items which could be capitalized and depreciated over an appropriate period rather than expensed in one period. Explain the reason that these items have been included in a maintenance account rather than a plant account. With regard to the repainting of the pipe and walls, how often is this expected to be done?

20. Refer to Item 5, Exhibit 6B of the Water Plant Board's response to the Commission's Order of February 14, 1997. With regard to cleaning and painting, totaling \$105,750, when would the Water Plant Board expect to have to do this work again? With regard to the replacement of pipe, hydrant(s), and water main, explain the reason

that these items should not be capitalized and depreciated over an appropriate period rather than expensed in one period.

Done at Frankfort, Kentucky, this 14th day of March, 1997.

PUBLIC SERVICE COMMISSION

  
For the Commission

ATTEST:

  
Executive Director